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ABSTRACT

Florida's 113 charter schools serve 18,255 students and provide opportunities for education innovation and school choice. Many serve at-risk and low-income students. Schools report positive student progress but need stronger accountability. Two-thirds of charter schools are not subject to Florida's A+ school accountability system because they serve special student populations not addressed by the A+ system. Further, the academic goals and objectives established in charter schools' contracts with school districts are often not measurable. Most charter schools have steady or growing enrollments, demonstrating parents' support. However, some have struggled with managing their operations and maintaining enrollment. These schools need to adopt good business practices to improve their financial condition and viability. To minimize barriers to the creation and continued operation of charter schools, it is recommended that the Florida Legislature strengthen the role of charter schools' governing boards and consider options regarding sponsors and funding. It is also recommended that the Department of Education provide assistance to school districts to improve the academic accountability and management of charter schools. Appendix A contains options to address barriers to the creation and operation of charter schools, and Appendix B contains a response from the Commissioner of Education to this report. (Author/RT)

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Program Review

Charter Schools Need Improved Academic Accountability and Financial Management

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Report No. 99-48 April 2000

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The Florida Legislature

OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY

John W. Turcotte, Director

April 2000

The President of the Senate,
the Speaker of the House of Representatives,
and the Joint Legislative Auditing Committee

The law requires that the Legislature review the operation of charter schools during the 2000 regular session of the Legislature (s. 228.056(20), *F.S.*). To assist the Legislature in its review of the operation of charter schools, we examined charter schools as part of our program evaluation and justification review of PreK-12 public education in Florida required by s. 11.513, *F.S.*

The results of this review are presented to you in this report. This review was made as a part of a series of justification reviews to be conducted by OPPAGA under the Government Performance and Accountability Act of 1994. Sibylle Allendorff, Dick Brand, and Mark Frederick conducted this review under the supervision of Jane Fletcher.

We wish to express our appreciation to the staff of the Florida Department of Education for their assistance.

Sincerely,

John W. Turcotte
Director

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Table of Contents

Review Summary i

Purpose of Review 1

Questions and Answers 2

What are charter schools and what purposes do they serve? 2

Whom do charter schools serve? 4

Are the accountability systems in place sufficient to hold charter schools accountable for student performance? 6

How well are charter school students performing? 8

How are charter schools performing financially? 9

Are charter schools benefiting from being exempt from Florida Statutes? 12

What services are district school boards providing to charter schools in exchange for the 5% administrative fee? 15

What are the major barriers to opening and/or operating a charter school? 16

Recommendations 21

To the Legislature 21

To the Department of Education 21

Appendix A: Options to Address Barriers to the Creation and Operation of Charter Schools 23

Appendix B: Agency Response 29

Charter Schools Need Improved Academic Accountability and Financial Management

Review Summary

Florida's 113 charter schools serve 18,255 students and provide opportunities for educational innovation and school choice. Many charter schools serve at-risk and low-income students. Schools report positive student progress but need stronger accountability—a need shared with other tax-supported organizations. Two-thirds of charter schools are not subject to Florida's A+ school accountability system because they serve special student populations that are not addressed by the A+ system. Further, the academic goals and objectives established in charter schools' contracts with school districts are often not measurable.

Most charter schools have steady or growing enrollments demonstrating that parents support their continued operation. However, some have struggled with managing their operations and maintaining enrollment. These schools need to adopt good business practices to improve their financial condition and viability.

To minimize barriers to the creation and continued operation of charter schools, we recommend that the Legislature strengthen the role of charter schools' governing boards and consider options regarding sponsors and funding. We also recommend that the Department of Education provide assistance to school districts to improve the academic accountability and management of charter schools.

The Commissioner of Education provided a written response to our preliminary report. In his response he described actions the department is taking to implement our recommendations. See Appendix B, page 31, for the response.

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Charter Schools Need Improved Academic Accountability and Financial Management

Purpose of Review

In 1996, the Florida Legislature authorized charter schools as part of the state's program of public education (Ch. 96-186, *Laws of Florida*). The law requires that the Legislature review the operation of charter schools during the 2000 regular session of the Legislature (s. 228.056(20), *F.S.*).[1] To assist the Legislature in its review, we examined charter schools as part of our program evaluation and justification review of PreK-12 public education in Florida required by s. 11.513, *F.S.* We focused our review on charter schools that have been operating for at least two years.

This review answers the questions presented below.

- What are charter schools and what purposes do they serve?
- Whom do charter schools serve?
- Are the accountability systems in place sufficient to hold charter schools accountable for student performance?
- How well are charter school students performing?
- How are charter schools performing financially?
- Are charter schools benefiting from being exempt from Florida statutes?
- What services are district school boards providing to charter schools in exchange for the 5% administrative fee?
- What are the major barriers to opening and/or operating a charter school?

[1] To review the operation of charter schools, we reviewed the law, charter school proposals, contracts, annual reports and financial audits, academic and professional literature, additional district reviews and audits, State Board of Education transcripts, and district test data. We conducted site visits to 14 charter schools in eight school districts including Alachua, Dade, Duval, Hillsborough, Leon, Okaloosa, Polk, and Walton counties. We interviewed charter school principals, teachers, board members, parents, district charter school coordinators, chief financial officers, superintendents, and district school board members.

Questions and Answers

What are charter schools and what purposes do they serve?

Charter schools are independent public schools that operate on the basis of contracts with local school boards. Charter schools are intended to improve student learning, provide school choice for parents, increase innovation, and promote accountability.

Charter schools are publicly funded, nonsectarian schools that operate under a contract (charter) from their local school board. They are largely independent of the school district and are managed by their own governing board. Charter schools are open to all students and often offer specialized curriculums that stress science, the arts, and/or programs for at-risk students.

Charter schools may be organized by individuals and groups, school personnel (teachers or administrators), universities (such as developmental research schools), municipalities, or a legal entity organized under the laws of Florida.[2] The organizing group forms a governing board, which negotiates a contract with the local school board. This contract delineates expectations of both parties with respect to the school's academic and financial performance. The charter school must periodically apply to the district school board for the renewal of its charter, which may be renewed for up to 15 years.[3]

Charter schools are funded like other public schools in Florida, receiving funds based on the number of full-time equivalent (FTE) students enrolled. For the 1999-2000 school year, charter schools account for less than 1% of statewide Florida Education Finance Program base funding. School districts retain 5% of the FTE funding generated by charter schools to cover district administrative costs for managing the charter contract and collecting and reporting required data to the state.

In addition, charter schools are eligible to receive capital funding through one of two funding streams. First, charter schools may receive capital outlay funding from the Department of Education based on the school's enrollment and number of student stations; the Legislature appropriated $5 million for this purpose in Fiscal Year 1999-2000. Second, charter

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[2] A university may grant a charter to a developmental research school created under s. 228.053, *F.S.* In considering such charters, the state university must consult with the district school board of the county in which the developmental research school is located.

[3] Further renewals may be granted after reviews at that time.

schools may be eligible to receive a portion of the School Infrastructure Thrift (SIT) fund awarded to the district school board. Districts reported providing $16 million of their $44 million award from the SIT fund to charter schools during Fiscal Year 1998-99.

The Legislature established eight statutory goals for charter schools that can be summarized as four overall principles. First, charter schools are intended to improve student learning with special emphasis on expanding learning experiences for students who perform poorly academically or behaviorally. Approximately 41% of the charter schools in Florida are targeted to serve students who are not performing well in traditional public schools.

Second, charter schools are to provide an alternative choice for parents who are dissatisfied with the education received by their child at their original public school. Charter schools offer these parents public school alternatives that may more closely match their children's needs.

Third, charter schools are intended to increase innovation and enable teachers to use different and innovative teaching methods. Teachers are not obligated to use the materials or teaching methods required by their school districts and can implement special themes or educational approaches in the learning process. Teachers can thus realize greater ownership of the education process in their schools. However, regardless of the teaching approach taken, students at charter schools are expected to demonstrate mastery of the Sunshine State Standards.

Fourth, charter school administrators and teachers are to be held accountable for their students' academic progress. Charter schools are required to show progress towards achieving the learning outcomes outlined in their charters. In addition, charter schools are expected to report information concerning student behavior and socioeconomic status as well as information on faculty and staff experience, academic background, turnover, and in-field teaching.

Whom do charter schools serve?

The number of students served by charter schools is growing steadily, and the schools tend to serve a high proportion of at-risk, and exceptional students.

Charter schools operate in 33 of Florida's 67 school districts (see Exhibit 1) and are serving 18,255 students in the 1999-2000 school year. This represents 0.76% of Florida's PreK-12 students.

The number of students attending charter schools has steadily increased every year since their inception (see Exhibit 2).

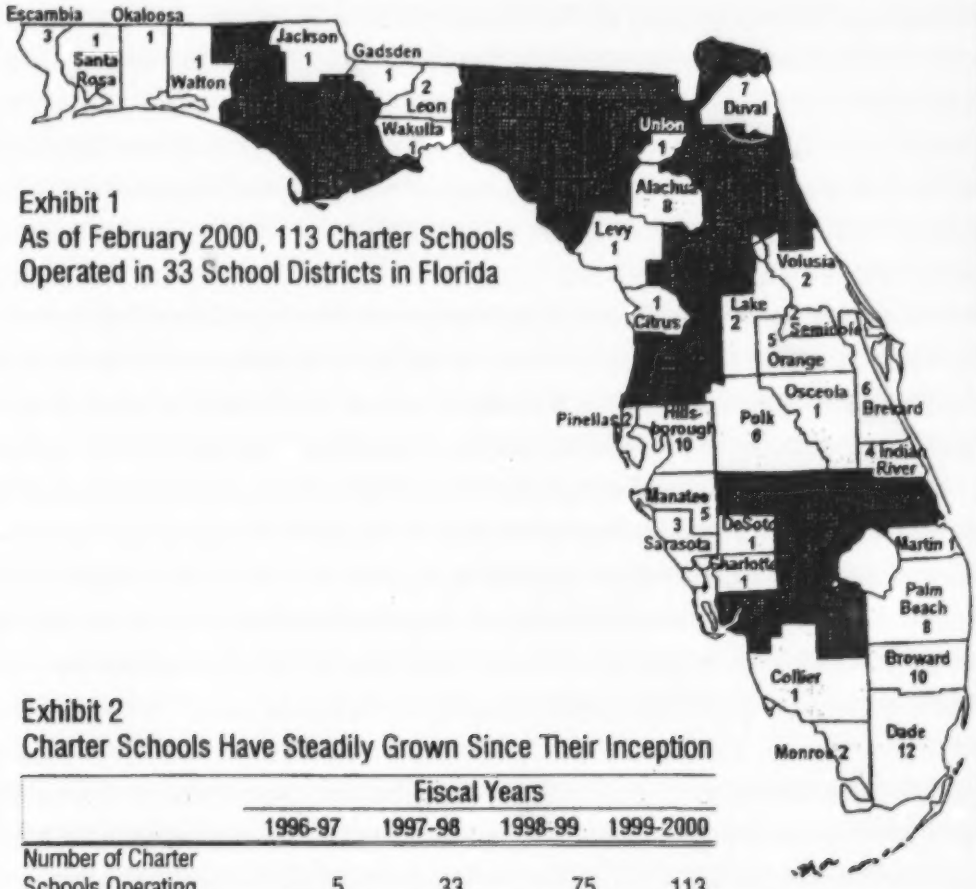

Exhibit 1
As of February 2000, 113 Charter Schools Operated in 33 School Districts in Florida

Exhibit 2
Charter Schools Have Steadily Grown Since Their Inception

	Fiscal Years			
	1996-97	1997-98	1998-99	1999-2000
Number of Charter Schools Operating	5	33	75	113
Number of Students Enrolled	600[1]	3,000[1]	10,370	18,255
Average School Size	120	90	138	161

[1] Estimates of student enrollment provided by the Florida Department of Education.

Source: Florida Department of Education.

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Charter schools serve a wide range of students, but have emphasized at-risk and socio-economically disadvantaged students. Sixty-two percent of charter schools serve at-risk/dropout prevention students, pre-K early intervention students, or students with disabilities. For the 1999-2000 school year, the overall percentage of charter school students from minority groups is essentially the same as that of Florida's overall K-12 population.

Charter schools serve a similar proportion of disabled students as the state's overall student population. Sixteen percent of charter school students were classified as having disabilities for the 1999-2000 school year.

Charter schools tend to be small and range in size from less than 10 to more than 1,000 students. The average enrollment is 161 students in 1999-2000 (see Exhibit 3), with 28 schools accounting for 59% of all charter school students. Most charter schools use different grade configurations than traditional public schools. Fewer than half of the charter schools offer the "traditional" grade configurations of K-5 in elementary schools, grades 6-8 in middle schools, and grades 9-12 in high schools. The most frequently occurring non-traditional configurations are K-3, K-4, and K-6. This reflects the specialized focus and generally smaller school sizes of charter schools.

Exhibit 3
Charter Schools Tend to Be Smaller Than Traditional Public Schools

Size of School (Number of Students)	Number of Schools	Number of Students	Percentage of Charter School Students	Average Number of Students per School
Less than 100	51	2,819	15%	55
100 to 199	34	4,689	26%	138
200 or More	28	10,747	59%	384
Total	**113**	**18,255**	**100%**	**161**

Source: Florida Department of Education.

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Are the accountability systems in place sufficient to hold charter schools accountable for student performance?

Current state and local accountability mechanisms need to be strengthened to hold charter schools accountable for student performance. Accountability systems are not easy to implement. Charter schools' accountability problems are not unlike those experienced by organizations installing performance based program budgeting. [4]

Charter schools are intended to improve student performance by giving teachers and administrators greater autonomy to develop school-based academic programs that meet the needs of their students. Charter schools are freed from many of the statutory and rule requirements that govern traditional public schools. In exchange for that autonomy, charter schools are to be held accountable for improving student performance.

Charter schools are intended to be graded as part of the state's accountability system, the Florida School Accountability Report. However, in 1998-99 two thirds of charter schools were not graded because this accountability system was not designed to cover very small schools and those with special student populations that smaller charter schools typically serve.

The charter schools that were not graded by the Florida School Accountability Report typically served students in dropout prevention programs, students with disabilities, or students in grade levels that are not tested under the current assessment system. Also, these charter schools often did not have enough students in a grade level to allow meaningful evaluation.

Because the state's accountability system does not cover all charter schools, the systems used by individual school districts to hold their charter schools accountable are critical. However, the accountability systems used by districts, which are established in the contracts the districts have with their charter schools, need to be improved.

School districts' contracts with charter schools often do not contain adequate goals and objectives with which to measure student performance. We examined the contracted goals and objectives governing charter schools that have operated for at least two years. We determined that while the goals and objectives for these schools were usually practical, most did not establish sufficient challenges to the schools' students or faculties. For example, a charter school that received

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[4] *PB² Status Report, Fiscal Year 1998-99: Performance-Based Budgeting Has Produced Benefits But Its Usefulness Can Be Improved*, OPPAGA Report No. 98-45, January 1999.

a grade of "B" has as one of its goals to maintain at least a "C" school status before consequences occur. Only six of the schools' contracts we examined had goals and objectives that were measurable. The remaining charter school goals and objectives often did not indicate how much academic improvement students were expected to show per year, how success would be evaluated, and/or what specific results were being sought (e.g., reading and math gains).

In the absence of measurable goals and performance standards, charter schools and district school boards cannot readily determine whether charter schools are succeeding. This is important, as charter schools often serve at-risk students who need to make substantial progress to meet state academic standards. Further, the use of imprecise goals and objectives can create a situation in which the two parties interpret goals differently and therefore disagree on the school's progress.

A related accountability weakness is that charter school annual reports are often incomplete. Charter schools are required by law to submit annual progress reports to their school boards that describe progress in meeting performance goals, provide financial information, and information on salary and benefit levels of charter school employees, and include the same information required in annual reports filed by traditional schools.[5] However, our analysis of charter schools' annual reports shows that the reports did not always include all of the required information and that it was often difficult to determine the progress of charter schools' students from the information provided. Half of the 31 annual reports we reviewed did not include all of the required student and teacher information.

A major challenge facing charter schools in assessing and reporting on student progress is that they do not always have baseline data from which to gauge student progress. This may occur because the students were absent or were not in a grade that was tested the previous year, or because of difficulty obtaining the data from the school district. Many charter schools also do not administer pretests when students enroll. These pretests would provide an alternative source of information on students' academic status at the beginning of a school year and would enable progress to be measured throughout the year. Alternatively, charter schools could compare their students' testing results to those of closely comparable district student populations, as called for in the statutes.[6] However, no charter schools included such a comparison in their 1997-98 annual reports. This is likely due to difficulties in identifying comparable student populations and obtaining these data from the school districts.

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[5] Section 228.056(9)(d), *F.S.*

[6] Section 228.056(9)(a)3.c., *F.S.*

How well are charter school students performing?

There is little information available to assess the academic performance of charter school students. Charter schools report that attendance, truancy, suspension, and expulsion rates are as good or better than in their districts' public schools.

Due to the weaknesses in charter school accountability systems, there is little useful information available to assess the academic progress of charter school students. Data that is available should be interpreted cautiously because charter schools often target students who have not been academically successful in traditional public schools, and only a third of the charter schools were graded in the Florida School Accountability Report. The data shows that over half (59%) of the 22 charter schools that were graded in the Florida School Accountability Report received grades of "D" or "F." In contrast, 28% of the traditional public schools received a grade of "D" or "F" for the 1998-99 school year.

However, charter school students who enter their schools behind in terms of grade level may in fact be learning at a rapid rate, but will perform poorly on grade level tests that are used in determining the Florida School Accountability Report grades. Charter school administrators told us that changes to the state accountability system that would include an assessment of student progress as well as grade level will be an important first step in providing a better assessment of charter school student performance.

While many charter schools use norm-referenced tests to evaluate student academic progress, these data are insufficient to allow conclusions to be made about the overall academic performance of charter school students. Schools often have changed tests or test forms from one year to the next, which precludes longitudinal study. Also, students in early grades often are not tested, nor are many students who are receiving exceptional education services. Finally, either districts often could not furnish us with test data or student turnover was too high to track progress. These problems need to be resolved to enable the Legislature to assess the academic performance of charter schools.

Charter schools provide information on the behavioral status of charter school students. Virtually all of Florida's charter schools set behavior goals for their students. Seven of the 11 charter schools that included attendance data in their 1997-98 annual reports reported a lower percentage of absences than their respective districts.[7] This positive student attendance is especially important, given that many of the

[7] Absences are based on the number of students absent 21 or more days.

students served were not attending their previous public school on a regular basis.

How are charter schools performing financially?

Most charter schools have positive fund balances and steady or growing student populations. However, financial problems exist in a minority of charter schools that could hurt their future ability to serve students.

During the 1997-98 school year, charter schools spent an average 54% of their operating expenditures on classroom instruction, which includes activities dealing directly with teaching students.[8] In contrast, Florida's school districts spent an average 65% of their funds on classroom instruction. This likely occurs because charter schools typically are small entities that have not yet benefited from economies of scale. As charter schools increase in size, so should the proportion of expenditures on classroom instruction.

We assessed the financial condition of charter schools by examining six indicators. We focused our review on the charter schools that have been operating for at least two years.[9] The indicators we examined were

- whether the school had a positive fund balance;
- whether the school accurately or conservatively projected its revenues;
- whether the school spent within its budget;
- whether the school spent within the revenues it received;
- whether the school had sound controls in place to safeguard finances; and
- whether the school had demand for its services.

As shown in Exhibit 4, of the 31 schools we reviewed, most (22) performed positively on three or more of the indicators. However, nine schools met two or fewer indicators. Exhibit 5 shows the schools' performance on the six individual indicators.

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[8] To calculate the percentage spent on classroom instruction, we reviewed expenditures for 21 of 31 annual financial audit reports. Ten audit reports did not report expenditures in the DOE *Financial and Program Cost Accounting and Reporting for Florida Schools* categories and were excluded from our analysis.

[9] To assess charter schools' financial condition, we reviewed 31 annual financial audits, interviewed charter school staff, and surveyed charter schools in operation through the 1998-99 school year. We could not assess the financial condition of 2 of the 33 charter schools in operation during the 1997-98 school year because one school closed and did not produce an annual financial audit, and one school that continues to operate did not provide OPPAGA with a copy of its annual financial audit.

Exhibit 4
Most Charter Schools Reviewed Performed Well on More than Three Financial Indicators

Financial Indicators Met	Schools	
	Number	Percentage
Five to Six	5	16%
Three to Four	17	55%
One to Two	9	29%
None	0	0%
Total	**31**	**100%**

Source: OPPAGA analysis of annual financial audit reports, survey of charter schools, and DOE FTE data.

Fund Balances. Most (22) of the charter schools had positive fund balances (more current assets than liabilities) during the 1997-98 school year, but 9 were operating at a deficit (see Exhibit 5). While it is not unexpected that some new charter schools will operate at a deficit during the first years of operation, schools with the largest negative fund balances in relation to their monthly revenue may be in a weakened financial state. These schools need to closely monitor financial activity to prevent further losses.

Revenue Projections. Some charter schools do not appear to be accurately and conservatively estimating their FTE and associated revenues. Five charter schools overestimated their funding by more than 12%, which resulted in schools having less money than expected throughout the school year to pay expenses.

Budget Practices. Many charter schools do not appear to be adhering to the good business practice of establishing a budget and amending it to address changes in funding or spending needs. As Exhibit 5 shows, 12 of 17 charter schools overspent their budgets in 1997-98. This likely contributed to the problems that some schools experienced with negative fund balances.

As a good business practice, charter schools should establish budget documents indicating anticipated revenues and planned expenditures. The budgets should be presented to the governing board for review and adoption. The charter school board should then consider making budget amendments during the year and adjust spending as necessary to maintain a balanced budget and sound fiscal condition.

Exhibit 5
Most Charter Schools Reviewed Had Positive Fund Balances and Increasing Demand for Services

	YES		NO		Total
Positive Fund Balance	22	71%	9	29%	31
Projects Revenues Accurately[1]	22	81%	5	19%	27[2]
Spends Within Budget	5	29%	12	71%	17[3]
Spends Within Revenue Received	19	61%	12	39%	31
Has Sound Management Controls	16	52%	15	48%	31
Positive Enrollment Trends	22	81%	5	19%	27[2]

[1] Accurately is defined here as underestimating or not overestimating actual revenues by more than 5%. Five schools we reviewed overestimated their funding by more than 12%.

[2] Four of 31 schools did not respond to OPPAGA's questionnaire.

[3] Fourteen of 31 schools did not include a budget statement as part of their annual financial audit report.

Source: OPPAGA analysis of annual financial audit reports, survey of charter schools, and DOE FTE data.

Spending Within Revenues Generated. Most of the charter schools spent less than the revenues they received during 1997-98, using a conservative financial management policy. However, 12 charter schools spent more money than they received during the year. Spending that exceeds revenues without adequate fund reserves or a plan to cover these costs could lead to a weak financial condition.

Management Controls. Financial audits and school district internal audits of the charter schools revealed that many did not begin operations with adequate written policies and procedures in place to guide their operations. These management controls are important as they can help prevent financial and management problems such as the problems cited above. Examples of the weaknesses in management controls of charter schools are shown in Exhibit 6.

The Department of Education and its contractors that provide technical assistance are developing policies and procedures to help improve the financial management of charter schools. Charter schools may also use the Best Financial Management Practices adopted by the Commissioner of Education as a guide to good business practices. [10]

Enrollment trends. Most of the charter schools (22) had steady or increasing enrollments. However, five charter schools had enrollment declines. Schools with declining enrollment may not be financially viable over time.

[10] See OPPAGA's Internet website for information on the Best Financial Management Practices program for schools. http://www.oppaga.state.fl.us/school_districts/bestprac/practices/practices.html

Exhibit 6
Problems Experienced at Some Schools
Related to Lack of Management and Internal Controls

- Adequate accounting systems not maintained
- Accounting functions not separated
- Federal withholding taxes not consistently paid on time
- Board meetings not adequately noticed
- Adequate documentation to support background checks of teachers and teacher qualification not maintained
- Adequate documentation that facility inspections were complete not maintained
- Sales tax overpaid
- Federal funding lost
- Restricted School Infrastructure Thrift funds used for operating expenses
- School funds used to make loans to employees
- School funds used to pay lodging and restaurant costs for out-of-town guests
- School funds used to cover travel costs for family members and used to purchase personal items
- Business transactions between charter schools and its administrators, board members, and related family members frequently caused potential conflicts of interest.

Source: Auditor General reports, independent certified public accountant reports, and district school board internal auditor reports.

Are charter schools benefiting from being exempt from Florida Statutes?

Charter schools benefit from being free of many district school board policies and procedures as well as being exempt from many Florida Statutes. However, charter school operators report they continue to be heavily regulated.

Charter schools are exempt from all statutes of the *Florida School Code*, except laws cited in the Charter School Act and those that pertain to public records, public meetings, civil rights, student health, safety, and welfare (s. 228.056(11), *F.S.*). This gives charter schools flexibility and autonomy, although they must still comply with a number of legal requirements (see Exhibit 7).

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Exhibit 7
Charter Schools Must Still Comply With a Number of Laws

Law Cite	Charter Schools Subject to the Following Laws
Section 11.45(3)(a)2, *F.S.*	Annual audits
Sections 121.021(10) and (34) and Section 121.051, *F.S.*	Florida Retirement System (optional if charter school selects to be a public employer)
Chapter 119, *F.S.*	Public records
Section 228.2001, *F.S.*	Anti-Discrimination
Section 229.57(3), *F.S.*	Statewide assessment program
Section 229.591, *F.S.*	State education goals
Section 229.592, *F.S.*	Annual school report
Section 230.23(4)(m), *F.S.*	Students with disabilities
Chapter 231, *F.S.*	Educator certification
Section 231.02, *FS.*	Fingerprinting and background checks of teachers and employee with direct student contact
Section 232.246, *F.S.*	High school graduation requirements
Chapter 234, *F.S.*	Student transportation
Section 235.26, *F.S.*; Chapter 553, *F.S.*; and Section 633.025, *F.S.*	*State Uniform Building Code for Public Education Facilities* or applicable state minimum building codes and fire safety codes
Sections 236.013 and 236.081, *F.S.*	Florida Education Finance Program and categorical funding
Section 236.081, *F.S.*	Student enrollment being reported to the district and district must report to DOE for funding
Section 237.34, *F.S.*	District cost reports
Section 286.011, *F.S.*	Public meetings/records, public inspection, penalties
Section 768.28, *F.S.*	Tort liability and sovereign immunity
Federal laws related to:	Section 504 of the Rehabilitation Act of 1973 Americans with Disabilities Act Asbestos Hazard Emergency Response Act Resource Conservation and Recovery Act Occupational Safety and Health Act

Source: OPPAGA analysis of *Florida Statutes, Florida Administrative Code,* and charter school contracts.

Charter school administrators report that the increased autonomy they have over their operations has major benefits. For example, charter school administrators (including a principal who converted his traditional public school to a charter school) cited major benefits in expediting academic programming to address the immediate student needs and the ability to discontinue academic programs that did not produce intended results, flexibility in purchasing items faster and sometimes at lower cost than through the school district, more flexibility in hiring and greater ability to fire staff that are not performing to expectations, and substantial reductions in the amount of required reporting.

However, there can be substantial differences in perception between districts and charter schools on the nature and value of district oversight of charter schools. District school boards are charged with the

responsibility to operate, control, and supervise all free public schools within the school district, which includes charter schools. Often, district efforts to ensure that charter schools comply with laws and terms of the contract are perceived by charter school operators as micromanaging. District school board staff indicated they are often perceived as obstructionists whether they proactively help charter schools or wait for charter school operators to ask for help (see pages 16 through 20 of this report on barriers to opening and operating a charter school).

Charter school operators indicated that some districts' policies place heavy and perhaps unnecessary bureaucratic and regulatory burdens on their charter schools. For example, some district school boards place a cap on the number of students charter schools may enroll each school year and restrict students from leaving or entering charter schools during a semester.

The application of laws and rules that charter schools must still comply with at times appear to charter school operators as unneeded regulations. For example, to comply with teacher certification required by Ch. 231, *F.S.*, some district school boards require charter schools to verify evidence of competencies related to the Educator Accomplished Practices. [11]

Charter schools may request additional flexibility by asking the district school board to apply to the Commissioner of Education for waivers from Chs. 230-239, *F.S.* However, charter school administrators report they are generally unaware of the waiver process. Thus far, only one charter school waiver request has been submitted. One charter school asked for a waiver to allow a child younger than age six to enter the first grade and this waiver was approved. This contrasts greatly with the districts' experience with Alternative Second Chance Schools that serve similar populations to charter schools. [12] Districts have received and approved hundreds of requests from such schools for waivers of teacher certification requirements.

Charter school operators should review the law to determine if any laws are overly restrictive and submit a waiver request to the district school board when needed. The Florida Department of Education should provide technical assistance to charter school operators and school districts to make clear the requirements of the law and to facilitate the

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[11] Charter schools are required by s. 228.056(12)(f), *F.S.*, to comply with teacher certification requirements pursuant to Chapter 231, *F.S.* Chapter 231.17, *F.S.*, provides requirements for teacher certification and authority for the State Board of Education to promulgate rules to implement the law. Rule 6A-5.065, *F.A.C.*, the Educator Accomplished Practices, outlines the 12 essential practices of effective teaching.

[12] The 1995 Florida Legislature amended the Dropout Prevention Act and created the Second Chance Schools Program. Second Chance Schools differ from traditional schools in two ways. First, Second Chance School education is provided through cooperative agreements between school districts and/or the Department of Juvenile Justice, private providers, state or local law enforcement agencies, or other state agencies. Second, they are provided greater flexibility through waivers of state requirements that usually apply to public schools (s. 230.2316(3)(d), *F.S.*).

waiver process. The Florida Department of Education should also share best school district practices in promoting flexibility for charter schools while improving academic and financial accountability.

What services are district school boards providing to charter schools in exchange for the 5% administrative fee?

District school boards provide services such as contract administration, data administration and reporting, and ESE administration to charter schools. Districts estimate that costs of these services exceed the 5% fee they receive, while charter schools are uncertain what benefits they receive.

District school boards retain 5% of the funds generated by charter schools through the state funding formula to cover the costs of providing administrative and educational services to charter schools. The law specifies these services are to include contract management, FTE and data reporting, exceptional student education administration, test administration, processing of teacher certification data, and information services. District school board staff report that they perform many functions to support charter schools, including

- reviewing charter applications, attending meetings, and negotiating terms of contracts;
- maintaining student records, generating reports, and processing payments;
- fielding telephone calls and preparing documents for board meetings;
- conducting site visits to inspect facilities and financial records;
- reviewing test scores and other instructional program evaluation data;
- assisting in the referral of students;
- processing teacher certification data;
- providing technical assistance and training in areas such as enrollment projections and reporting, government accounting requirements, developing exceptional education student plans, records management and data reporting, purchasing, facilities safety, maintenance and repair, test administration, federal lunch program, and transportation; and
- submitting grant applications to the Department of Education.

District staff estimate that the costs to administer the charter school program exceeds the administration fee the districts retain. In cases where a charter school struggles with its operation, the school districts

report spending considerably more time assisting and reviewing the operation of the charter school. If the school district decides to deny a charter application or terminate a contract, the school district may incur substantial costs to defend its position, particularly if it is appealed to the State Board of Education or the courts.

Because most of these services provided are administrative in nature, charter schools often do not believe that these services provide a benefit to their daily operations. Charter schools said that they would like to receive services from the districts such as

- in-service teacher training;
- invitations to district staff meetings and workshops;
- mail courier service;
- involvement in district extra-curricular activities;
- grant notification and writing assistance;
- transportation of students at levels equal to categorical funding; and
- copies of various forms used by the school district.

Services provided by districts do vary, and some districts provide services such as mainframe access at no cost, with access to school district surplus property and student transportation provided at little or no cost.

What are the major barriers to opening and/or operating a charter school?

Barriers to opening and operating charter schools include

- the local school boards must approve charter schools;
- the oversight of charter school governing boards is unclear;
- charter schools face resource limitations when starting up programs and acquiring facilities;
- management skills of charter school applicants may vary;
- the application process may not provide sufficient time to review applications and open charter schools; and
- the limit on the number of charter schools may limit future growth of charter schools.

School districts must approve charter schools, but sometimes oppose the concept

Charter schools must be approved to operate by their local school districts, although charter schools and districts in effect compete for students. This approval role gives local school boards the power to block or complicate the creation of charter schools. Opposition to charter schools by districts may arise from perceptions that the district will lose

students and thus funding, resistance to losing oversight of a responsibility traditionally fulfilled by the board, and distrust of new and untested concepts.

Support for charter schools among school board members and district administration varies across districts. Some school board members and district administrators support charter schools while others do not. When board members and district administrators oppose charter schools, the districts may not provide assistance to applicants, approve charter requests, or help charter schools function effectively.

District school boards have rejected a large number of charter school applications. Between 1996 and 1998, 43% (67 out of 155) of these applications were not accepted. Eight of those rejections were appealed to the State Board of Education. The State Board agreed with four school board rejections. These rejections were based on concerns about insufficient financial and administrative planning of applicants.

In the remaining four cases, the State Board of Education recommended that the district school board reconsider its decision.[13] Subsequently, three district school boards revisited these applications and voted to accept the applications. In the fourth case, the district's denial was appealed to the District Court of Appeals, where the case was dismissed on the basis that the proposal was not made by persons eligible by law to apply for a school conversion.

Several district and charter school staff reported particular difficulties in relation to potential conversions of public schools to charter school status in some districts. Opposition reported ranged from district administrators' intimidating behavior at public meetings to the adoption of school board rules that do not allow existing public school structures to be used for charter schools. To date, only two traditional public schools have been converted into charter schools, the McKeel Academy of Technology in Polk County and Spring Creek Elementary in Lake County.

Florida's requirement that charter schools be approved by the single entity of a local school board is consistent with the system of public schools as laid out in the Florida Constitution and can help assure oversight by local staff who are trained in school operations and knowledgeable about local school needs. However, other states allow multiple entities such as state institutions, community colleges, or municipalities to approve charter schools, which can help encourage the development of charter schools and give applicants alternative avenues to seek supportive sponsors. According to a report by the National Conference of State Legislatures, 11 of the 26 states that have charter schools have implemented multiple approval systems (see Exhibit 8).

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[13] In these cases, the State Board of Education disagreed with district concerns, such as incorporating drug rehabilitation into a school's curriculum, insufficient demonstration of student progress, and one school's lack of community representation on the board and insufficient legal status as an applicant.

Exhibit 8
States with Multiple Approval Channels Tend to Have More Charter Schools

	Local	Local/ Appeal	State	Multiple
Number of States	6	6	3	11
Number of Schools	106	344	9	725

Source: Developed by OPPAGA based on information provided by the National Conference of State Legislatures 1999.

However, while enabling entities other than school boards to approve charter schools promises more choice in the application process and less biased consideration of applications, it also requires administration by entities that may not have the same capacity, experience, and understanding of local school needs as do local school boards. In addition, it requires alternate mechanisms for ensuring that certain federal entitlements such as Title I, IDEA, and supplements for migrants are available to the schools. In addition, authorizing additional entities to approve charter schools requires a constitutional change, since the Florida Constitution [Article IX, section 4(b)] designates school boards to control and supervise all free public schools.

Role of charter school governing boards is unclear

Statutes do not clearly indicate the role that charter school governing boards are to play in overseeing school operations. In general, district staff expect that charter school governing boards are actively involved in reviewing the school's operations, policies, and performance while the sponsor (school district) provides support and reviews the school's annual report. Charter school governing boards are also responsible for signing the contract with the district school board, producing an annual progress report that demonstrates progress toward the school's goals, and furnishing financial records and staff's salary and benefit levels.

However, governing board members are often unsure of their responsibilities and do not always have information needed to review the operations of the charter school or evaluate its performance. This may preclude them from identifying problems and initiating corrective actions and may contribute to the financial management problems discussed earlier in this report.

Charter schools face resource limitations when opening schools

Charter schools nationwide and in Florida can have difficulty obtaining funds to cover the start-up and facilities costs needed to open a charter school. In Florida, some approved applicants could not open charter schools because they were unable to find adequate facilities, while others had to pay for costly refitting and remodeling of facilities.

Although charter schools receive federal start-up grants that could be used for start-up expenses and capital purposes (e.g., to purchase land),

these funds are made available by the state shortly before a school opens. This can require applicants to rely on personal financial resources or on those of supporters. Unless the charter school is backed by entities such as municipalities or other groups with access to start-up funding, this problem may preclude the charter school from opening.

The Legislature may wish to consider a variety of options to address the issue of start-up and facility funding (see Appendix A). These include establishing dedicated revenue sources or trust funds and offering low-cost financing, finance pools, and assurances (e.g., district or state guarantee of obligations) to investors about the risk potential of charter schools.

Skills of charter school applicants and operators can vary

Because charter schools are fairly new entities, there may be few individuals with the skills and experience needed to successfully start one. Operators must possess a variety of skills from instructional leadership to financial management. Many are inexperienced in school operations and unaware of the complexities involved in setting up and running a charter school. When charter school staff do not possess needed skills, their school operations have suffered. Charter school operators and district staff we interviewed indicated a need for training. Since the implementation of charter schools in Florida, six charter schools have been closed. The schools were closed for a variety of reasons, including inadequate financial and administrative management or failure to demonstrate sufficient educational progress of students. Other schools with similar inadequacies have been or are struggling to remain in operation.

In an effort to help charter school operators attain needed skills, the Department of Education, Office of School Choice, changed the allocation of the federal start-up grant funding and developed a $20,000 supplemental grant to fund training. This supplemental funding will allow charter school operators to receive training in the areas of assessment and evaluation, accounting and financial services, curriculum and instruction, personnel, administrator and governing board training, and certification for charter operators. The supplement is available to all charter schools that have previously received or are currently receiving start-up funding. These grants increase the ability of charter school operators and staff to receive needed training and to acquire needed skills.

The charter school application process does not provide sufficient time to launch charter schools

Statutory time frames can restrict the application approval process and may not allow sufficient time to plan and prepare for a successful school opening. District school boards receive charter school applications until at

least November 15 and must approve or deny them within 60 days after receipt of the application.[14] This time is compressed by the major November-December holidays and because some districts close for winter holidays. Several district school board members and school staff said that the 60 days allocated to do reviews after November 15 are not sufficient. District staff said that when they receive large numbers of applications to review during the 60 days they may not have the resources to provide an in-depth review. This will be especially the case when several charter applicants wait until the deadline to submit their applications. Once an application is approved, the school district and the charter school have six months to negotiate a contract. As a result, the charter school may have only a short time after the contract is finalized to prepare for the school opening. Considering the complexity of opening a school (e.g., identifying and selecting students, locating a suitable facility, developing a start-up budget, hiring staff, securing funding for leases, insurance coverage, purchasing furniture and equipment, transportation, food services, etc.), many charter school operators and district staff indicated that the time available is not enough to be sufficiently prepared.

Limit on the number of charter schools

Some school districts in Florida are nearing the statutory cap on the number of charter schools allowed to operate. This could limit the number of new applications approved in future years. Section 228.056(5), *F.S.*, places a limit on the number of charter schools allowed in a district, based on the number of students in a district (see Exhibit 9).

Exhibit 9
Charter School Cap Increases with Student Population

Student Population	Number of Charter Schools Allowed
100,000 or more	28
50,000 to 99,999	20
Fewer than 50,000	12

Source: Section 228.056(5), *F.S.*

Considering the number of new applications submitted this year, four districts may come close to their cap in Fiscal Year 2000-01 (Alachua, Brevard, Manatee and Osceola).

[14] Even though districts may receive applications later than this date (s. 228.056(4)(a), *F.S.*), this option seems to be taken by few districts.

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Recommendations

To the Legislature

The successful creation and continued operation of charter schools is diminished by insufficient planning time, the lack of clear delegation of governing oversight at the school level, and insufficient academic performance comparisons to closely comparable student populations. To facilitate the success of charter schools, we recommend that the Legislature take the actions presented below.

- Amend s. 228.056(4)(a), *F.S.*, to allow more time for district school boards to approve applications by authorizing school districts to advance the application deadline to a date earlier than November 15.
- Amend s. 228.056(9), *F.S.*, to clarify that the Legislature intends that charter school governing boards are to exercise continuing oversight over charter school operations.
- Consider amending s. 228.056(9), *F.S.*, to require district school boards to provide academic student performance data to charter schools for each of their students coming from the district school system as well as rates of academic progress of comparable student populations in the district school system.
- Consider adopting options to address barriers to the creation and operation of charter schools identified in Appendix A. These options address issues identified in this report, such as district school board vs. multiple sponsorship, options to deal with limited start up and facilities funding, and the limit on the number of charter schools allowed.

To the Department of Education

Several factors affect the ability of district school boards and charter school operators to effectively manage the charter school program. In particular, there is a need for technical assistance to charter schools in improving academic accountability, financial management, and program administration. We recommend that the Department of Education take an active role in providing necessary assistance. In particular, we recommend they take the actions presented below.

- To improve academic accountability, the department should identify best practices currently used by charter schools and districts that result in clear measurable goals of student progress and provide this information to other districts and charter schools. This information could be conveyed through technical assistance and sharing contracts that have clear and measurable goals and objectives.

- To improve financial management of charter schools, the department should identify key financial indicators and specific measures of charter school financial performance to help school districts and charter school governing boards better monitor and respond to changes in charter schools' financial condition. In addition, the department should develop technical assistance to advise charter school operators and district staff on an ongoing basis of good business practices. For example, charter school operators could tailor the Florida School District Best Financial Management Practices for use when they establish their operating policies and procedures.
- To minimize potential barriers to charter school creation and operation, the department should develop training modules and provide ongoing technical assistance to charter school operators, governing boards, and district staff in the area of charter school applications, operations, and management.
- The department should provide technical assistance to the school districts and charter schools in extracting academic performance data from the districts' databases. This would facilitate comparisons of charter school student performance with comparable district student populations.

Appendix A
Options to Address Barriers to the Creation and Operation of Charter Schools

Charter School Sponsor Options

Options	Advantages	Disadvantages
Single Sponsor		
Maintain current sponsor: District School Board	• The current single sponsor approach has resulted in over 100 charters. The number of charter schools approved to operate in Florida already exceeds that of any other state in the Southeast and is among the highest in the nation. • School districts have had time to establish a process for reviewing and approving charter school applications. • District school boards have knowledge of public school administration, district students' needs, and local community desires, which may help them to provide assistance to local charter schools, critically review the adequacy of proposed charters, and ensure that approved charter schools succeed. • This option provides for local control and accountability emphasized by recent educational reform initiatives in that school boards are composed of locally elected members who can be held directly accountable by their constituents for their decisions to approve or deny charter applications. • Because the sponsoring entity also establishes policy for traditional public schools, this option offers the potential to directly transfer successful charter school practices to improve all district public schools.	• Because school boards are in competition with charter schools for students, and thus for funding, this option may create a tension or conflict that results in school boards and district staff being unwilling to cooperate with charter school operators. • Charter school applicants have no opportunity to make their proposal to alternative sponsors should the district school board turn them down since the State Board of Education's decisions on appeals are not binding.
Multiple Sponsors		
Provide other entities with authority to grant charters: State Universities	• This option is unlikely to create tension or conflict that would negatively affect decisions on the approval or denial of charter applications since universities do not perceive themselves as competitors with charter schools for students, and thus funding. • Charter school applicants would have the opportunity to make their proposal to alternative sponsors should the district school board turn them down. • Four state universities (FAMU, FAU, FSU, and UF), already operate developmental research schools, similar to charter schools in testing of innovative teaching methods, pursuant to Section 228.053, *F.S.*	• An additional layer of administration may be necessary to duplicate the district school board's operation, control, and supervision systems that are already in place. • This option may not provide as much local control and accountability as the current method because, unlike school boards, universities are not directly accountable to local voters for their decisions to approve or deny charter applications. Universities may not have the level of knowledge local school boards have regarding district students' needs and local communities' desires, and thus may not have the same ability to critically review the adequacy of proposed charters and ensure that approved charter schools succeed. • This option may not present the same potential to directly transfer successful charter school practices to improve all district public schools since universities are not authorized to set policy for public schools. • This option increases the number of chartering sponsors, which may make the central

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Charter School Sponsor Options

Options	Advantages	Disadvantages
		warehousing of charter school information more difficult to access for decision-makers. • This option raises questions such as how to fund charter schools with entities other than district school boards serving as sponsors. • This option would require amending the Florida Constitution.
Provide other entities with authority to grant charters: **Community Colleges**	• This option is unlikely to create tension or conflict that would negatively affect decisions on the approval or denial of charter applications since community colleges do not perceive themselves as competitors with charter schools for students, and thus funding. • Some community colleges already operate charter technical centers, similar to charter schools in performing innovative teaching methods to special populations. • Charter school applicants would have the opportunity to make their proposal to alternative sponsors should the district school board turn them down.	• An additional layer of administration may be necessary to duplicate the district school board's operation, control, and supervision systems that are already in place. • This option may not provide as much local control and accountability as the current method because, unlike school boards, community colleges are not directly accountable to local voters for their decisions to approve or deny charter applications. Community colleges may be closer to students and communities served by charter schools than state universities. However, they still may not have the level of knowledge that local school boards have regarding district students' needs and local communities' desires, and thus may not have the same ability to critically review the adequacy of proposed charters and ensure that approved charter schools succeed. • This option may not present the same potential to directly transfer successful charter school practices to improve all district public schools since community colleges are not authorized to set policy for public schools. • This option increases the number of chartering sponsors, which may make the central warehousing of charter school information more difficult to access for decision-makers. • This option raises questions such as how to fund charter schools with entities other than district school boards serving as sponsors. • This option would require amending the Florida Constitution.
Provide other entities with authority to grant charters: **State Board of Education /Department of Education**	• This option is unlikely to create tension or conflict that would negatively affect decisions on the approval or denial of charter applications since the State Board of Education/DOE does not perceive itself as a competitor with charter schools for students, and thus for funding.	• An additional layer of administration may be necessary to duplicate the district school board's operation, control, and supervision systems that are already in place. • The State Board of Education/Department of Education may not have the level of knowledge local school boards have regarding district students' needs and local communities' desires, and thus may not have the same ability to critically review the adequacy of proposed charters and ensure that approved charter schools succeed. • This option may not provide as much local control and accountability as the current method because, unlike school boards, the State Board of Education and the Department of Education are not directly accountable to local voters for their decisions to approve or deny charter applications.

Charter School Sponsor Options

Options	Advantages	Disadvantages
		• This option raises questions such as how to fund charter schools with entities other than district school boards serving as sponsors. • This option would require amending the Florida Constitution.
Provide other entities with authority to grant charters: **Create a special school district**	• This option is unlikely to create tension or conflict that would negatively affect decisions on the approval or denial of charter applications since the special school district would not likely perceive itself as a competitor with charter schools for students, and thus funding.	• This option may not present the same potential to directly transfer successful charter school practices to improve all district public schools since a special school district would not be authorized to set policy for public schools in other school districts. • This option may not provide as much local control and accountability as the current method because, unlike school boards, a special school district would not be directly accountable to local voters for their decisions to approve or deny charter applications. • The special school district may not have the level of knowledge that local school boards have regarding district students' needs and local communities' desires, and thus may not have the same ability to critically review the adequacy of proposed charters and ensure that approved charter schools succeed. • This option raises questions such as how to fund charter schools with entities other than district school boards serving as sponsors. • This option would require amending the Florida Constitution.

Charter School Start-Up Funding Options

Option	Advantages	Disadvantages
Do not provide start-up funding	• This option encourages charter schools to seek community involvement and support. • Federal start-up program already exists (over $20 million awarded to Florida).	• Some charter schools may not be able to find alternative sources of support. • Federal start-up funds may be too little too late especially if building a new school.
Establish a dedicated state funding source for start-up costs	• Charter schools may be able to obtain private loans earlier with government funds made available earlier. • The state may fund new charter schools earlier in the process than federal programs. • This option may improve the viability of charter schools through improved planning made possible with more funds.	• This option requires a state funding source to be established. • This option may discourage charter schools seeking community involvement and support if the state meets their funding needs. • This option may increase the need for accountability to ensure viability of schools because of increased state funding.
Provide access to low cost financing: tax-exempt financing tax-exempt equivalents low-interest loan pools tax credits on loans for facilities	• Private funds could be used to establish loan pools. • Lenders may provide loans at rates that are below market rates. • Lenders may screen applicants to make loans only to viable charter schools.	• Loan pools would require a funding source to be established. • Bonding authority if other than charter school would incur some risk of default by charter school. • Lenders may perceive termination of charter schools as an unknown risk and thus high. • Government may lose potential tax revenues by providing tax exemptions and tax credits. • This option may discourage community involvement and support if charter schools' funding needs are satisfied.

Charter School Capital Funding Options

Option	Advantages	Disadvantages
Do not provide capital funding	• This option encourages charter schools to seek community involvement and support. • This option encourages ingenuity in finding and renovating space.	• Some charter schools may not be able to find alternative sources of financial support. • Charter schools may not be able to find affordable facilities. • Charter schools may have to pay facilities costs out of operating budgets.
Maintain current capital funding (s. 228.0561, *F.S.*)	• This option allows for flexible use of state capital funding for the purchase of real property; construction, renovation, repair, and maintenance of school facilities; purchase, lease purchase, or lease of permanent or relocatable school facilities; and purchase of vehicles to transport students to and from the charter school. • Average annual funding allocation per school is estimated at $78,407 (i.e., $487 average cost per student station multiplied by an average of 161 student stations per school) for the 1999-2000 school year, if the 1/30th is fully funded.	• Limits lease improvements to 2% of the capital funding allocation, which may not be sufficient to cover costs to convert buildings, such as strip malls to comply with school building requirements. • Funding may not be sufficient to cover the costs beyond the classroom including a gym, cafeteria, teachers lounge, sports fields, and auditorium.
Increase charter school capital funding formula from 1/30th to 1/15th (s. 228.0561, *F.S.*) per cost of student station (s. 235.435(6)(b), *F.S.*): H.S. $18,155 1/30th=$605 1/15th=$1,211 M.S. $13,719 1/30th=$457 1/15th=$ 915 E.S. $11,966 1/30th=$399 1/15th=$ 798	• Provides charter schools with more annual capital funding per student station. • Charter schools may be able to leverage these funds with private loans. • Affords more operating funds to be spent on classroom instruction.	• This option depends on annual budget request and appropriation that is subject to change. • Small sums of money may not be enough for all major capital projects unless used to leverage more funds.
Provide access to low cost financing: tax-exempt financing tax-exempt equivalents low-interest loan pools tax credits on loans for facilities	• Private funds could be used to establish loan pools. • Lenders may provide loans at rates that are below market rates. • Lenders may screen applicants to make loans only to viable charter schools. • Affords more operating funds to be spent on classroom instruction.	• Bonding authority if other than charter school would incur some risk of default by charter school. • Lenders may perceive termination of charter schools as an unknown risk and thus high. • Government may lose potential tax revenues on interest earnings on loans.
Amend reversionary clause to allow private lenders' liens on school property to be satisfied prior to the state's claim (i.e., capital purchased with public funds shall automatically revert to full ownership by the district school board subject to complete satisfaction of any lawful liens or encumbrances)	• May make lenders' risk assessment clearer; as a result, lenders may be more inclined to loan charter schools capital funding at more favorable rates.	• State may lose capital investment. • Lenders may still be reluctant to make loans to charter schools because charter contracts are still subject to termination by district school boards at any time based on criteria that may be unclear making lenders' risk assessment uncertain.
Establish risk reserves for lenders	• This option would require minimal expenditure of state funds because state funds would be used primarily as security in case of default by the charter school. • Affords more operating funds to be spent on classroom instruction. • Promotes more private financing of charter school capital projects.	• This option would require a funding source to be established.
Give incentives, such as tax breaks, to businesses to provide space to charter schools	• This option minimizes the need for state funds. • State funds are not necessarily used, unless tax-exempt incentives are offered. • Affords more operating funds to be spent on classroom instruction.	• Government may lose potential tax revenues.
Provide local property tax exemption	• This option may reduce rent or lease costs to charter schools on private land. • Affords more operating funds to be spent on classroom instruction.	• Government may lose potential tax revenues on property.

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Charter School Cap Options

Option	Advantages	Disadvantages
Maintain current cap on the number of charter schools allowed per school district	• Extends learning curve period of program implementation before further expansion • District school boards may be able to better plan for and accommodate the impact of the loss of student funding that may not include a corresponding reduction in costs to the district school board. • Existing charter schools are free to expand their enrollments with district school board concurrence.	• District school boards may eventually have to turn down viable applicants when the cap is reached, limiting growth in charter schools and restricting choice. • District school boards may have to institute a grading process to decide which applicants to award a contract. • The low percentage of students presently being served by charter schools may not have the "critical mass" effect on the traditional school system to effect system-wide change.
Increase cap on the number of charter schools allowed per school district	• Extends the time that school districts that are approaching their cap would actually have to reach that cap • More charter schools may help approach a "critical mass" level to effect change in the school system.	• Some district school boards are struggling with establishing adequate systems with which to hold charter schools accountable for academic and fiscal performance.
Eliminate cap on the number of charter schools allowed per school district	• District school boards would be free to approve charter school applicants. • More charter schools may help approach a "critical mass" level to effect change in the school system.	• Some district school boards are struggling with establishing adequate systems with which to hold charter schools accountable for academic and fiscal performance.
Base cap on the percentage of charter school students in school district	• The "critical mass" notion is better defined by the percentage of students served by charter schools rather than the number of charter schools. • A larger student base in charter schools could be developed on which a more meaningful evaluation of charter schools impact can be made.	• The growth of existing charter schools may be limited as the district school board approaches a defined proportion of the total student population in the school district.
Do not count conversion schools towards the cap	• Encourages more conversion charter schools should a school district reach its cap	• School districts may be overextended by the number and size of charter schools to monitor since conversion schools tend to be large.

Appendix B
Agency Response

In accordance with the provisions of s. 11.45(7)(d), F.S., a draft of our report was submitted to the Commissioner of Education for his review and response.

The Commissioner's written response is reprinted herein beginning on page 31.

FLORIDA
Department
of Education
www.fldoe.org

Tom Gallagher
Commissioner

Florida Department of Education

April 20, 2000

John W. Turcotte, Director
Office of Program Policy Analysis
And Government Accountability
111 West Madison Street
Room 312, Claude Pepper Building
Tallahassee, FL 32399

RE: Charter Schools Need Improved Academic Accountability and Financial Management

Dear Mr. Turcotte:

The Department of Education is pleased to provide you with a response to the preliminary findings and recommendations made by the Office of Program Policy Analysis and Government Accountability in the above referenced report.

Recommendation:

To improve academic accountability, the Department should identify the best practices currently used by charter schools and districts that result in clear measurable goals of student progress and provide the information to other districts and charter schools. This information could be conveyed through technical assistance and sharing contracts that have clear and measurable goals and objectives.

Response:

The Department recently extended and expanded its contract with the University of South Florida to provide enhanced technical assistance to districts and schools by opening a branch office for technical assistance in south Florida. A regional office of the Florida Charter Resource Center has been set up in Fort Lauderdale and Palm Beach. This office is serving Dade, Palm Beach, and Broward charter

schools and their respective school districts, as well as, other charter schools and school districts as appropriate and feasible.

The Florida Charter School Resource Center currently does assist schools in developing applications with measurable objectives, as well as, providing sample contracts. This will be included in the upcoming conference for new charter schools opening in Fall 2000, as well as, charter groups in the planning stages. Additionally, all staff will receive a copy of this report and will make appropriate modifications to the "starter kit" developed for charter schools and districts to accomplish this recommendation. Copies of acceptable contracts will be in the kits by August 2000.

Recommendation:

To improve financial management of charter schools, the Department should identify key financial indicators and specific measures of charter schools financial performance to help school districts and charter school governing boards better monitor and respond to changes in charter schools' financial condition. In addition, the Department should develop technical assistance to advise charter school operators and district staff on an on-going basis of good business practices. For example, charter school operators could tailor the Florida School District Best Financial Management Practices for use when they establish their operating policies and procedures.

Response:

The Florida Charter School Resource Center has, since 1997-98, analyzed the Auditor General Reports and the Independent Audits conducted by CPAs and the charter schools. The Florida Charter School Resource Center has developed a document that is widely distributed to charter schools, to assist them in preparing for financial audits. This document includes all audit findings from 1996 through the 1999 audits of charter schools. This document, "Are you ready for an Audit", is included in the survival kit and charter schools received training on its components at conferences and workshops.

The Florida Charter School Resource Center has disseminated the "Rules of the Auditor General Chapter 10.850" on Charter School Audits to all schools in 1999,

and has included this document in the new charter school survival kit for schools opening in the Fall 2000.

The Department of Education and the Florida Charter School Resource Center staff will receive a copy of this report and will make appropriate modifications to their technical assistance for charter schools and districts to accommodate this recommendation. Additionally, Department financial staff will be asked to assist in developing at least one example of an appropriate technical tool for this purpose. The tool will be developed and sent to districts and charter schools by December 2000.

Recommendation:

To minimize potential barriers to charter school creation and operation, the Department should develop training modules and provide ongoing technical assistance to charter school operators, governing boards, and district staff in the area of charter school applications, operations and management.

Response:

The Florida Charter School Resource Center, in conjunction with other groups, has hosted conferences that have included training modules in various topics. A training needs assessment was developed by the Florida Charter School Resource Center to select topics for inclusion in:

- State Charter Conference
- Charter School Annual Summer Institute
- New Charter Schools Training

The 1998, Annual Summer Institute included strands on:

- Transportation
- Governance
- Equity/Diversity in Charter Schools
- Special Education
- Annual reports
- Assessment
- Accountability

The strands or modules that were developed in 1999 for the Annual Summer Institute were:

- Accountability
- Annual Reports
- Special Education

The topics for the 2000 Summer Institute will be developed in conjunction with the needs of this report and requests of the Department or sponsors of the training.

A plan for developing and delivering additional standard training modules will be addressed during the 2000-2001 fiscal year. The cost of developing and delivering training modules statewide to all districts with charter schools and to the governing boards of those charter schools would need to be absorbed within current budget constraints or through a legislative budget request. The Department estimates the costs of developing and delivering one high-quality training module statewide to be approximately $100,000. The plan to address this issue will also include associated costs and potential funding sources, it will be presented to senior management in Spring 2001.

Recommendation:

The Department should provide technical assistance to the school districts and charter schools in extracting academic performance data from the districts' databases. This would facilitate comparisons of charter school student performance with comparable district student populations.

Response:

The Department recently extended and expanded its contract with the University of South Florida to provide enhanced technical assistance to districts and schools by opening a branch office for technical assistance in south Florida. A regional office of the Florida Charter Resource Center has been set up in Fort Lauderdale and Palm Beach. This office is serving Dade, Palm Beach, and Broward charter schools and their respective school districts, as well as, other charter schools and school districts as appropriate and feasible.

Staff at both centers will receive a copy of this report and will make appropriate modifications to their technical assistance for charter schools and districts to accommodate this recommendation. The Department is in the process of developing and publishing a Q & A technical assistance paper describing both the

current conditions and any changes resulting from legislative actions required by the charter school legislation. The paper is slated to be distributed to schools and districts in July 2000. Additionally, Department evaluation staff will be asked to assist in developing at least one example of an appropriate technical tool for this purpose. The tool will be developed and sent to districts and charter schools by December 2000.

The Department of Education welcomes the opportunity to provide better service to our customers, and we appreciate your assistance in evaluating our efforts to do so.

Sincerely,

/s/
Tom Gallagher

TG/le

This office provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision making, to ensure government accountability, and to recommend the best use of public resources.

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